

Ask



LOCAL HELP FOR PEOPLE WITH MEDICARE

SHIP

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Q: I just purchased a long term care insurance policy. Can I deduct the premiums on my State and Federal income tax forms?

A: Maybe. Premiums paid for Indiana Partnership Long Term Care Insurance policies can receive a state tax deduction. The deduction reduces the amount of your taxable income. Your tax preparer will subtract an amount equal to the portion of any premiums paid during the taxable year by you, your spouse, or both, for a qualified Indiana Partnership Long Term Care Policy (ILTCP). One hundred percent of the premium paid by a taxpayer for a Partnership policy for the taxpayer or his/her spouse may be deducted on your Indiana Tax Form.

Please read the Indiana State Tax Instruction Booklet for more information or consult with a tax professional. This only applies to Indiana Long Term Care Insurance Policies (ILTCIP). Other traditional long term care insurance premiums that are paid are not deductible from Indiana taxes.

To know if the policy is an Indiana Partnership policy, look for the following box of information on the outline of

coverage, the application, or the front page of the policy:

THIS POLICY {CERTIFICATE} QUALIFIES UNDER THE INDIANA LONG TERM CARE INSURANCE PROGRAM FOR MEDICAID ASSET PROTECTION. THIS POLICY {CERTIFICATE} MAY PROVIDE BENEFITS IN EXCESS OF THE ASSET PROTECTION PROVIDED IN THE INDIANA LONG TERM CARE INSURANCE PROGRAM

Premiums paid for policies that meet certain federal standards may be deducted, up to a limit, as a medical expense on your federal tax return. These types of policies are better known as

“tax-qualified” or “TQ” policies. The deduction is not a straight tax deduction. In order to benefit from the federal tax deduction, you must itemize your deductions and have an amount of non-reimbursed medical expenses that exceeds 7.5% of your Adjusted Gross Income. The amount you can use for a deduction is the amount exceeding the 7.5% figure. For details about the federal tax deduction, consult a tax advisor.

The 2010 deductible limits for eligible long-term care premiums that can be included in the term ‘medical care’ are as follows:

Attained Age Before Close of Taxable Year	
Age 40 or less:	\$330
More than 40 but not more than 50:	\$620
More than 50 but not more than 60:	\$1,230
More than 60 but not more than 70:	\$3,290
More than 70:	\$4,110

If you would like further assistance regarding your Long Term Care Insurance, Medicare, Medicaid, or other insurance questions, call SHIP for help at 1-800-452-4800, TTY 1-866-846-0139 or online at www.medicare.in.gov.

SHIP is a free, unbiased counseling program provided by the Indiana State Department of Insurance. To schedule an appointment with SHIP, call 1-800-452-4800, TTY 1-866-846-0139 or visit www.Medicare.IN.gov to find your local site.